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COMMITTEE ON ARMED SERVICES

U.S. House of Representatives

Washington, DC 20515-6035

ONE HUNDRED EIGHTH CONGRESS

March 22, 2004

Support the Troops

**Save Family Housing for 50,000 Military Families!
Vote "NO" on the Republican Budget Resolution**

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ROBERT S. RANGEL, STAFF DIRECTOR

Dear Colleague:

We urge you to vote "NO" on the Republican Budget Resolution because it would terminate the enormously effective Military Housing Privatization Initiative (MHPI). This would be a huge setback for our men and women in uniform and their families. Almost half (119,980 of 251,625) of all military family houses were assessed to be inadequate at the beginning of fiscal year 2004. Our troops deserve better.

To the credit of the Bush Administration, it has vigorously continued a program started during the Clinton Administration to rely on the MHPI to eliminate the shocking percentage of inadequate family houses on military bases. Under MHPI, a contractor builds or renovates housing, largely at his expense. These new or renovated houses are usually located on the base, so they are very attractive to military families who receive priority in renting the housing. The contractor recoups his investment through rental payments by the military personnel, and there are incentives and safeguards in the contract that guarantee the units will be well maintained over time.

The military services are trying to eliminate most of the 119,980 inadequate housing units by 2008. The MHPI program is critical to that effort because eliminating that many inadequate houses through regular family housing construction appropriations would not likely occur before 2020, if at all. When our soldiers, airmen, sailors, or marines deploy overseas, is it asking too much that they leave their families behind in adequate housing?

In the legislation establishing MHPI, a cap was set on the program as a safeguard in case it did not work as intended, but the success of the program has exceeded all expectations. Under the current MHPI schedule, the cap will be reached in November of this year. However, raising the cap is problematic because just last year the Congressional Budget Office (CBO) changed the way it "scores" the MHPI program. In plain English, CBO changed the way it determines the cost of raising or eliminating the MHPI cap. Under its revised scoring methodology, the CBO will score an increase of the MHPI cap at about a 9:1 ratio. For example, if we need to raise the cap by \$300 million to allow most of the planned 2005 projects to move forward, the CBO scoring will be \$2.7 billion.

Both the House and Senate Republican budget resolutions assume that the cap will not be raised or eliminated, and the allocations provided to the House and Senate Armed Services Committees reflect this assumption. Simply put, even though the House and Senate Armed Services want to raise the MHPI cap so the program may continue, neither committee can do so without greatly exceeding their budgetary allocations.

The House and Senate Republican Budget Resolutions should have fixed the problem caused by CBO's new cost estimates by either allocating extra funding to the Armed Services Committees or by disagreeing with CBO's revised scoring methodology. The Republican Budget Resolutions did neither, sounding the death knell for the MHPI program.

The need to either provide a mandatory spending allocation to the House Armed Services Committee (HASC) or to use OMB rather than CBO scoring is not a new issue. The issue was explicitly raised in a joint letter to the House Budget Committee by the Chairman and Ranking Minority Member of the HASC. This was reinforced by Rep. Skelton's written testimony during the Budget Committee's Member Day hearing. The Chairman and Ranking Minority Member of the Readiness Subcommittee of HASC highlighted the issue in hearings on February 26 and March 4. During the committee markup of the House Budget Resolution, Rep. Chet Edwards tried to add report language indicating that the Budget Committee disagreed with the CBO scoring, but it was rejected on a party-line vote. Despite these and other pleas, the House Republican Budget Resolution provides absolutely no room for the HASC to raise or eliminate the cap.

If the cap is not raised or eliminated, adequate family housing will be canceled indefinitely for almost 50,000 military families. Attached is a list of the bases that would be affected and the number of family housing units involved. This list only covers the MHPI projects for 2005 and 2006; more MHPI projects are planned, but details are unavailable at this time.

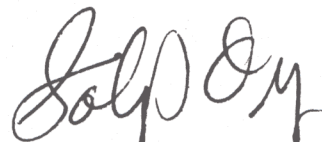
The best way to fix this problem is to defeat the Republican Budget Resolution and force the House Budget Committee to either provide a mandatory allocation or pledge to use OMB scoring of legislation that raises or eliminates the MHPI cap. For MHPI to continue past November, any such solution would have to survive the final House and Senate budget resolution conference report. But the chances of MHPI making the final version of the budget resolution are doubtful if it is not in either the House or Senate budget resolution.

Our troops and their families deserve decent housing. They are fighting for us; we should fight for them. Save the MHPI program. Vote NO on the House Republican budget resolution.

Sincerely,



Ike Skelton
Ranking Democrat
House Armed Services Committee



Solomon Ortiz
Ranking Democrat
Subcommittee on Readiness

Projects Affected by Failure to Raise Cap

<u>Location</u>	<u># of Units</u>
Elmendorf AFB (Phase 2), AK	1,194
Fort Drum, NY	2,272
Carlisle Barracks, PA	316
Ft Bliss, TX	2,776
Eglin/Hurlburt AFB, FL	2,739
Lackland AFB II, TX	914
Northeast West -Navy (Great Lakes, Crane)	2,823
Langley AFB, VA	1,268
Sheppard AFB, TX	1,288
Tinker AFB, OK	852
McGuire AFB/Ft Dix, NJ	2,415
Southeast East (SC, FL,GA)-Navy	6,076
MCAGCC Twenty-nine Palms, CA	1,382
MCSA Kansas City, MO	137
MCB Camp Lejuene, NC (Phase 1)	3,516
Fort Benning, GA	4,055
Hawaii Regional (Phase 2), HI	1,002
F.E. Warren, WY	457
Ft Knox, KY	3,380
Ft Rucker, AL	1,516
Ft Leavenworth, KS	1,580
Keesler AFB, MS	1,682
Holloman AFB, NM	1,440
Fort Gordon, GA	872
Scott AFB, IL	475
MCB Hawaii, HI (Phase 1)	1,377
MCB Camp Lejuene, NC (Phase 2)	838
Barksdale AFB, CA	432
TOTAL FAMILY HOUSING UNITS	49,074